

AMS/FAST CHANGE REQUEST (CR) COVERSHEET

Change Request Number: 22-18

Date Received: December 13, 2021

Title: Guidance- Accounting Treatment of Leases/Lease Scoring

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Policy and Guidance: (check all that apply)

- | | |
|---|--|
| <input type="checkbox"/> Policy | <input type="checkbox"/> Procurement Tools and Resources |
| <input checked="" type="checkbox"/> Guidance | <input type="checkbox"/> Real Property Templates and Samples |
| <input type="checkbox"/> Procurement Samples | <input type="checkbox"/> Procurement Clauses |
| <input type="checkbox"/> Procurement Templates | <input type="checkbox"/> Real Property Clauses |
| <input type="checkbox"/> Procurement Forms | <input type="checkbox"/> Other Tools and Resources |
| <input type="checkbox"/> Procurement Checklists | |

Summary of Change:

This change updates AMS Guidance T3.8.5- Accounting Treatment of Leases.

Reason for Change:

The change removes outdated procedural instructions and updates the roles and responsibilities for completing the evaluation. The change was prompted by APM's creation of a new Lease Scoring Tool to replace the old "Evaluation of Lease to Determine Accounting Treatment."

Development, Review, and Concurrence:

AAQ management team, APM management team, AFM and AMK (Finance) management team.

Target Audience: Acquisition Workforce

Briefing Planned: No.

ASAG Responsibilities: None.

Section / Text Location: <https://fast.faa.gov/docs/procurementGuidance/guidanceT3.8.5.pdf>

The redline version must be a comparison with the current published FAST version.

☒ I confirm I used the latest published version to create this change / redline

or

☐ This is new content

Links: <https://fast.faa.gov/docs/procurementGuidance/guidanceT3.8.5.pdf>

Attachments: Redline and final documents.

Other Files: N/A.

Redline(s):

Section Revised: T3.8.5 – Accounting Treatment of Leases

Procurement Guidance - (~~10/2021~~1/2022)

[T3.8.5 Accounting Treatment of Leases](#) Revised 9/2020

[A General](#) Added 1/2006

[1 Evaluation of Lease to Determine Accounting Treatment](#) Revised ~~9/2020~~1/2022

[B Clauses](#) Added 1/2006

[C Forms](#) Added 1/2006

[D Appendix](#) Added 1/2006

T3.8.5 Accounting Treatment of Leases Revised 9/2020

A General Added 1/2006

1 Evaluation of Lease to Determine Accounting Treatment Revised 9/20201/2022

Any cost lease must be evaluated prior to award to determine whether it should be classified as an operating lease, a capital lease, or lease purchase. This classification has profound effect on the amount of funding that must be scored (reserved) for the lease per the requirements of OMB Circular A-11, and COs must be aware that a capital lease is not to be entered into, unless the requesting office certifies that it has reserved appropriate funds for the capital lease IAW OMB Circular A-11 requirements. ~~The evaluation is accomplished by the CO and the assigned accounting office. The CO follows the form directions and completes data fields on a form, "Evaluation of Lease to Determine Accounting Treatment" and submits the completed form to their supporting accounting office. Note: Some leases are "automatically" considered operating or capital leases—based on answers provided in sections 1 and 2 of the form. See form instructions for details. The lease data is entered into the accounting system and the tests are performed to determine whether the lease should be classified as operating or capital. The evaluation is initiated by the funding service organization, finalized by the CO prior to award, and is provided to the assigned accounting office.~~ The CO should reference the following sources for further information on lease determinations:

- (i) PRISM/DELPHI Business Process Solution: see Capital Leases
- (ii) PRISM/DELPHI Business Process Solution: see Leases
- (iii) Accounting Capitalization Desk Guide: see Accounting ~~Capitalization~~Capitalization Desk Guide
- (iv) OMB Circular A-11, Appendixes A & B: see OMB Circular A-1, Part 8, Appendix A and OMB Circular A-11, Part 8, Appendix B
- (v) Real ~~estate~~Estate Contracting Officers refer to Guidance T3.8.8.B.8 Capitalization of Leases and Leasehold Improvements

B Clauses Added 1/2006

[view contract clauses](#)

C Forms Added 1/2006

[view procurement forms](#)

D Appendix Added 1/2006

1. Reserved for Copy of Sample personal property lease
2. PRISM/DELPHI Lease Business Process: Leases
3. PRISM/DELPHI Capital Lease Business Process: CAPTIAL LEASES